
NEW RULES FOR BUSINESS IN A FLAT WORLD: A TRUSTEES CALL TO ACTION

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As policymakers, community college trustees have a responsibility to help keep their communities strong. How they do this is by helping to give everyone a chance for higher education. Thomas Friedman says that John F. Kennedy's vision was to put a man on the moon. His vision is to put every American on a campus. To do this, trustees can use these 7 "New Rules of Business:" (a) having a renewed focus on higher education accountability, (b) continued anxiety over college affordability, (c) waning public support, (d) growing expectations, (e) increasing competition, (f) changing demographics, and (g) the growing leadership crisis.

Our nation faces many challenges, but none so great as increased competition from overseas. This new pressure and a host of new challenges from within our communities and colleges are changing the traditional rules of business. These changes are forcing community colleges to respond in new and different ways. How community college trustees respond to these challenges will have everything to do with maintaining our standard of living and continuing our commitment to our great democracy.

In the bestseller, *The World is Flat*, New York Times reporter Thomas Friedman argues that education's role in nurturing innovation in nations like China and India is contributing to flattening the world economy and, thereby, leveling the playing field between our great nations (Friedman, 2005).

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Friedman, like many these days, has become a proponent of the nation's community colleges as catalysts for bolstering innovation. He says,

While expanding research universities on the high end of the spectrum is important, so is expanding the availability of technical schools and community colleges. Everyone should have a chance to be educated beyond high school. Otherwise upper-income kids will get those skills and their slice, and the lower-income kids will never get a chance. We have to increase the government subsidies that make it possible for more and more kids to attend community colleges and more and more low-skilled workers to get retrained. JFK wanted to put a man on the moon. My vision is to put every American man or woman on a campus.

Obviously I share Friedman's vision, as do community college trustees. But those in the community college world face enormous challenges, and we hold a special responsibility to make his dream a reality for the individuals we serve.

There are seven "New Rules of Business" that will determine success in meeting Friedman's goal:

1. A renewed focus on higher education accountability;
2. Continued anxiety over college affordability;
3. Waning public support;
4. Growing expectations;
5. Increasing competition;
6. Changing demographics; and
7. Our growing leadership crisis.

Each of these rules require leadership if we want policymakers to support community colleges and ensure that college doors remain wide open to the broadest array of individuals without regard to "limits of time, place or distance" (Pima Community College 2006–2008 College Plan).

NEW BUSINESS RULE #1

Accountability is the hallmark of a community colleges because community college boards are public entities and, therefore, publicly accountable. However, more and more policymakers in Washington, DC and state capitals are focusing on the need to make higher

education more accountable—for results and for the resources it consumes. This constitutes the first New Rule of Business. An ever-present danger is that most policymakers gauge “success” by traditional higher education measures. Factors like graduation rates, transfer rates, “seat time,” and degree persistence are always high on the list. Holding community colleges accountable by traditional standards is inappropriate. Worse, it implies that community colleges fail on a grand scale because the majority of students do not come to the community college to earn degrees or, necessarily, to transfer to a 4-year institution.

The discussion relative to accountability ought to focus on the following issues:

1. Is accountability a solution in search of a problem; what is the real problem we’re trying to address relative to academic and occupational performance?
2. Paraphrasing former Supreme Court Justice Potter Stewart in the 1964 decision regarding pornography, that [accountability] “... was hard to define, but I know it when I see it.” Do we know when we see it?
3. Accountability is a strategy, not an end in and of itself.
4. Community colleges are often not sitting at the table when accountability is debated in the halls of Congress or in state legislatures.
5. Financial or economic results are not necessarily proxies for academic achievement or occupational success.
6. Accountability often fails to capture the real nature of what goes on in community colleges: innovative, flexible education and workforce preparation for a hugely diverse student population.

Community college trustees need to address these issues and educate policymakers about what these institutions do and to whom they are accountable.

NEW BUSINESS RULE #2

Numerous public surveys and news reports point to growing public anxiety about college affordability—and for good reason. Average tuition and fees have risen by more than 6% over the last several years, faster than the general rate of inflation.

A special challenge for community college trustees is that too many Americans, including federal and state policymakers, grossly

over-estimate the cost of attending higher education—and the cost of community colleges, specifically.

Studies show that people assume community college tuition is around \$8,000 annually. The truth is that the annual average community college tuition and fees is approximately \$2,100, about four times less than people assume.

Community college trustees need to confront lawmakers about this misperception, in order to allay the public's fears, and to ensure that policymakers do not impose price controls on community colleges. At the same time, we need to expose the dangers of shifting more of the costs to the students through increased loan fees and interest payments. Cost are also shifted to students by freezing the Federal Pell Grant maximum for the fifth year in a row at \$4,050. Confronting this new reality about affordability and public anxiety constitutes our second New Rule of Business.

NEW BUSINESS RULE #3

Community colleges face an environment where it is increasingly difficult to leverage public support. Public spending on higher education, as a percentage of per capita income, reached a high-water mark in the 1970s and has declined ever since.

Community colleges are heavily dependent on state and local support for their operations and programs. States have curtailed community college budgets over the past several years, just as enrollment began surging due to the economic downturn. Additionally, federal spending, including student financial assistance, has been flat the past four years and now is headed downward for the first time in a decade.

Further cuts in federal programs, such as Medicare, will only exacerbate the financial pressures on states and localities struggling to meet the demands of their communities.

The third New Rule of Business is that trustees must develop new arguments that show policymakers the errors of their ways when they cut community college funds at the exact same time our institutions are proving more important than ever. In other words, trustees must make the economic reach and impact of community colleges both obvious and undeniable to policymakers.

NEW BUSINESS RULE #4

The expectations of community colleges also are growing. People now look to community colleges to address a myriad of programmatic

needs and demands for specialized services like counseling, flexible course scheduling, online access, parking, enhanced physical facilities, etc.

Such demands are forcing colleges to react like consumer businesses and compete against one another. Too many colleges are expected to be “all things to all people.” Community college trustees face tough choices to keep up with their communities’ most pressing needs. The fourth New Rule of Business is that we must do more with less, and trustees must make increasingly harder decisions about resources and mission.

NEW BUSINESS RULE #5

Competition is no longer focused primarily within the nonprofit sector; it has moved to include growing competition from the for-profit sector. Proprietary institutions have “come of age” and are adding pressure on community colleges to rethink the way they do business. Such institutions often “cherry-pick” from among the most profitable course offerings, catering only to niches where they leverage high return on the dollars they invest.

Community colleges exist to serve quite a different purpose. These colleges serve everyone while also investing significant sums to help students succeed at the postsecondary level. Community colleges invest more than \$1.4 billion annually in remedial education and career and technical education, giving communities the workforce necessary to sustain economic vitality.

Policymakers must not permit for-profit colleges to gain access to critical federal and state funds that are the lifeblood of community colleges serving the most disadvantaged and at-risk students. The fifth New Rule of Business suggests that trustees cannot rest on their laurels; they need to push even harder to protect their institution’s historical share of the public’s purse.

NEW BUSINESS RULE #6

Student demographics continue to change rapidly, placing new demands on community colleges. Additionally, the increase in the number of retirees and individuals on fixed incomes in communities is exacerbating already scarce public resources.

Trustees should begin to consider what impact the “graying” of America might have on their ability to pass bond referenda, enact millage increases, and finance capital improvement projects. The

shifting political dynamics of an aging population suggest policy-makers will have to contend with stretching scarce public dollars even further.

In short, how can trustees continue to convince their communities that their colleges are important to them, and that their economic development impact will help to sustain members of their communities, including those on fixed incomes? The sixth New Rule Business suggests that trustees will need to redouble their communications with their communities and significantly bolster the ability to demonstrate returns on investment.

NEW BUSINESS RULE #7

The ranks of community college presidents are expected to thin seriously in the next five years. The American Association of Community Colleges estimates 75% of CEOs will retire between now and the year 2011, just four years from now. While a number of programs have been initiated to grow the ranks of community college presidential leadership, the impending retirement boom suggests that colleges could be hard-pressed to find new leaders at a time when new leadership will be critical to confronting the many challenges of our communities.

The nature of the community college presidency also has changed dramatically in recent years, placing additional pressures on the ability to recruit and attract new leaders. Once upon a time, presidents were primarily academic leaders. Today, they must continue to exercise this leadership, but they must also raise money, navigate competing demands and interests from the local business community, and be far more engaged in advocacy at the local, state, and national levels.

If trustees are to convince federal and state policymakers of the worthiness of investing more in students and their communities, they cannot afford a leadership deficit at a time when leadership is most important.

The seventh New Rule of Business suggests that community college boards may need to look outside of the academy for new leadership, including individuals without the traditional academic and administrative credentials. Will community college faculty embrace such individuals and adjust to the continuing new demands on presidents to lead their institutions?

Community college faculty face enormous challenges too. The New Rules of Business impact the faculty perhaps more than any

other constituency on campus. It will be incumbent upon our boards and administrative leaders to work to communicate priorities and to help faculty focus on continuing to provide quality programs and the emphasis on teaching and learning. Community college faculty is second to none, and students benefit from the interaction and compassion exhibited by faculty every single day.

These New Rules of Business and many other challenges are combining to place greater importance on sustaining, as well as growing, federal and state investment in community colleges and the students they serve.

Community colleges are a \$31 billion enterprise. They employ over 500,000 individuals, educate and train more than 11 million individuals annually and, on average, contribute \$4 for every \$1 invested. Yet, often they are maligned by the media, disrespected by their peers or, worse, taken for granted by policymakers.

Community colleges are tremendous resources. They face enormous public policy challenges. They are owned by and serve their communities. Failing to support community colleges will mean fewer students will be able to gain a foothold in the new economy.

In a sense, there should be no mystery involved as to why policymakers fail to make appropriate investments in community colleges. The history of the community college has been to respond immediately to communities' needs, whether the colleges had the resources on hand or not. Community colleges are proud of that history. But they need to educate policymakers about the fact that their colleges have needs, as do their communities, and that their collective needs are the nation's too.

Community colleges are America's economic solution. They prepare the majority of the nation's first-responders, nurses, and early childhood educators. They also provide certification for hundreds of cutting-edge business and industry occupations. The faculty provides teaching and learning opportunities that are second to none in the higher education system.

Trustees cannot allow Congress or state legislatures to walk away from their responsibilities to their colleges. They must cultivate support for what those institutions do best: educate the broadest array of individuals without regard to personal circumstance. Community college trustees have a big job in helping communities to remain strong. They do it with passion, conviction, persuasion, desire, and knowledge that what they do helps millions every year. To paraphrase Tom Friedman, trustees work everyday to ensure that people "get their slice" and a real shot at economic self-sufficiency and

prosperity. The New Rules of Business are simply part of the evolving leadership challenge trustees face and will master.

REFERENCE

Friedman, T. L. (2005). *The world is flat: A brief history of the twenty-first century*. New York: Farrar, Straus and Giroux.

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